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## Viewing cable 07MANAGUA1622, ORTEGA ADMINISTRATION AT SIX MONTHS

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07MANAGUA1622**.

Reference ID	Created	Released	Classification	Origin
07MANAGUA1622	2007-07-02 17:35	2011-08-30 01:44	CONFIDENTIAL	Embassy Managua

Appears in these articles:

<http://www.nacion.com/2011-04-25/Mundo/NotaPrincipal/Mundo2743916.aspx>  
<http://www.nacion.com/2011-04-25/Mundo/Relacionados/Mundo2743919.aspx>  
<http://www.nacion.com/2011-04-25/Mundo/Relacionados/Mundo2743922.aspx>  
<http://www.nacion.com/2011-04-25/Mundo/Relacionados/Mundo2752792.aspx>

VZCZCXRO1304  
PP RUEHLMC  
DE RUEHMU #1622/01 1831735  
ZNY CCCCC ZZH  
P 021735Z JUL 07  
FM AMEMBASSY MANAGUA  
TO RUEHC/SECSTATE WASHDC PRIORITY 0686  
INFO RUEHMU/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS  
RUMIAAA/CDR USSOUTHCOM MIAMI FL  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHINGTON DC  
RHEHNSC/NSC WASHINGTON DC  
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHDC  
RUEKJCS/SECDEF WASHDC  
RHEHAAA/WHITE HOUSE WASHDC

C O N F I D E N T I A L SECTION 01 OF 05 MANAGUA 001622

SIPDIS

SIPDIS

DEPT FOR WHA/CEN

E.O. 12958: DECL: 06/18/2017  
TAGS: [PGOV](#) [PREL](#) [PINR](#) [ECON](#) [NU](#)  
SUBJECT: ORTEGA ADMINISTRATION AT SIX MONTHS

REF: A. MANAGUA 1566  
[1](#)B. MANAGUA 1562  
[1](#)C. MANAGUA 1537  
[1](#)D. MANAGUA 1318  
[1](#)E. MANAGUA 1311  
[1](#)F. MANAGUA 1273  
[1](#)G. MANAGUA 1067  
[1](#)H. MANAGUA 1495

Classified By: Ambassador P. Trivelli for reasons 1.4 (b and d)

[1](#)1. (C) Summary: During his first six months in office, President Daniel Ortega has expanded executive powers and used them to destroy or give away pieces of Nicaragua's cultural patrimony; to threaten opposition media and freedom of expression; to fire large numbers of government officials and replace them with party loyalists; and to centralize the powers of the ministries under the Presidency. He has also reoriented Nicaragua's foreign policy by reestablishing ties with ideological bedfellows from the 1980's and other leaders of anti-American bent. Although "national sovereignty" is a favorite leitmotif of Ortega's, he continues deferring to his Venezuelan counterpart. The lack of transparency and open disregard for legal limitations point to an administration that relies increasingly on promising popular democratic reforms while taking significant steps towards authoritarianism and a blending of party and state. Recent polls indicate that the Nicaraguan people are not happy with Ortega's management of the country. End Summary.

Ortega Strengthens and Forms Alliances with Fellow Ideologues  
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[1](#)2. (C) Eager to reap the benefits of oil-rich Venezuela's largesse, over the past six months, Ortega has followed Venezuelan President Hugo Chavez' lead on almost every issue of importance (ref F). When Chavez refused to renew the contract of RCTV (ref E), Ortega voiced support for Chavez's decision and strongly criticized counter-protests by Venezuelan students. First Lady Rosario Murillo, head of the increasingly influential Council of Citizenship and Communications, correspondingly began the process to convert Nicaragua's state-owned Channel 6 to a source of Venezuela-friendly media by partnering with Telesur. Ortega has also followed in Chavez's footsteps outside of the Americas, visiting many of Chavez's allies in Africa and the Middle East. On July 19 the President will reportedly announce the "Five Pillars" of the FSLN strategy, which are modeled directly on Chavez's "Five Motors" of 21st Century socialism. (Septel)

[1](#)3. (C) During a recent 15-day marathon tour, Ortega visited Venezuela, Cuba, Iran, Libya, Algeria, and Senegal on a private jet provided for the occasion by Libyan dictator Moammar Gadhafi. (Note: A visit to Italy to meet with a group of investors was canceled at the last minute, while Senegal was added to the agenda. A senior MFA official, in a meeting coinciding with Ortega's visit to Senegal, joked that "not even we know where he might go next," and admitted that the MFA -at the office director level at least- had received virtually no updates or reports from the President's party during his trip. Contacts reported that Alvaro Robelo, Ortega's choice for ambassador to the Vatican, bungled the Italy visit and forced its cancellation -- a further humiliation for Robelo, a banker implicated in various financial scandals, who earlier failed to gain agreement as ambassador to the Vatican. End Note)

[1](#)4. (C) Since returning to Nicaragua on June 18, Ortega has been sharply criticized by National Assembly deputies for not publicly discussing the results of his 15-day trip. Thus far, Ortega has only commented publicly on a possible energy deal with Iran. Deputies from the Liberal Constitutional Party

(PLC) and Sandinista Renovationist Movement (MRS) decry the President's silence and insist that the public has a right to know what issues were discussed and what agreements or accords were signed. In addition, legislators are questioning why Ortega did not visit Rome after having announced meetings with Italy's president and Italian business leaders prior to his departure from Nicaragua. Foreign Minister Samuel Santos weakly (and falsely, according to the Italian Ambassador in Managua) justified the decision by stating that Rome was simply a "stopover for the pilots to

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rest" and was never part of the official agenda.

15. (C) In the month leading up to his recent trip, Ortega was also visited by the Vice Chancellor of the Russian National Assembly Serguei Kislyak. During the visit, Ortega expressed his desire to revitalize relations, stating that, "when we speak of cooperation with Russia, we are speaking of taking into account the relation that we had with the Soviet Union, when Russia was one of our supporters."

Allies in Asia  
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16. (C) Not content to hobnob only with dictators in Latin America and the Middle East, Ortega decided to reinforce ties to North Korea and Laos. In regard to Korea's nuclear arms, Ortega has declared "that it isn't fair," that some countries continue to be armed, "then want to prohibit others from arming themselves in self-defense" (ref D) In meetings with Laotian officials, he recalled that, "In the 1980s we had exceptional relations with Laos and with all the peoples of Indochina."

17. (C) The possibility of adding yet another ally, mainland China, is still on the table. In early June, Costa Rica's announcement of the cessation of its 60-year formal diplomatic relationship with Taiwan in favor of mainland China created uncertainty in Nicaragua. For the moment, the official line is that all ties are firm; however, the Free Trade Agreement between Nicaragua and Taiwan remains stalled in its final stage because the Ortega government claims not to have the \$5,000 necessary for publication, which would put it into legal effect. Dollar diplomacy may ensure Taiwan's continued presence in the medium term as the Taiwanese have pledged to send multiple energy plants, scheduled to go online in January 2008, to assist Nicaragua in addressing its chronic electrical power crisis. Thousands of Nicaraguans are also employed in Taiwanese-owned maquilas in Nicaragua's Free Trade Zones.

Mixed Messages  
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18. (C) While Ortega visited allies abroad, publicly criticizing "American imperialism", his Vice President, Jaime Morales Carazo, was at the Americas Competitiveness Forum in Atlanta assuring the business elite that Nicaragua was an ideal setting for investment. (Note: For a two-day period, while the President and Vice President were out of the country, there was no acting Head of State named, a further indication of the improvisation and secretive nature of the Ortega regime.) On June 19, President Ortega met with members of the private sector for the second time since his inauguration. The private sector repeated its concerns regarding the sanctity of private property, the lack of support for foreign and local private investment, the need to fight corruption, and the lack of a coherent economic plan/direction from the government. The meeting launched a series of public-private working groups to develop strategies addressing the energy, infrastructure, and tourism sectors and the sustainable management of the environment

19. (C) These efforts have not received as much publicity and Presidential support as Ortega's proposed "citizen

councils." According to Ortega and Murillo, any plans which the citizen councils develop will become GON policy and must be advocated by Ministers before the National Assembly. In contrast, the work of these public-private groups has not been given any such political weight, and will most likely be contradicted by the more populist economic pronouncements likely to come out of the Sandinista-dominated citizen councils. (Comment: Since his election, Ortega has stated several times that he welcomes foreign investors because they are the engines which will create the jobs to help raise the country out of poverty. In reality, however, the FSLN government has displayed a cavalier attitude toward contracts, particularly in the energy sector. On three different occasions the GON claimed that contracts with private sector energy companies were "injurious" to Nicaragua and would be canceled. This hardline forced the companies to the negotiating table. End Comment.)

#### Citizens' Councils

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¶10. (C) The newly established "Citizen Empowerment Councils" ("Counsejos de Poder Ciudadano") have been a source of much opposition concern in recent weeks. These Councils, which are a direct evolution of the "Sandinista Defense Committees" of the 1980's, while officially not party-affiliated, are widely considered to favor hard-line Sandinistas and exclude all others with questionable ideological affiliations. Their stated goal is to increase citizen participation within the system by encouraging active debate within small, local fora. Charges of FSLN bias are rejected by members of that party, who say that positions are often filled with FSLN representatives because they are unpaid; therefore, there have been very few volunteers for the job. The same logic applies to the location of the council offices, many of which are run out of FSLN campaign houses, apparently for lack of another, more neutral space. More moderate Sandinistas have declined to participate in (or been excluded from) the councils, which they regard as usurping existing civil society groups nurtured over the years by the Sandinistas themselves (ref B). Whatever the origin of the divide, the result is that the councils are composed primarily of Ortega loyalists.

#### First Lady, First Citizen

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¶11. (C) With her allegedly illegal appointment (according to Nicaragua's nepotism laws) to Executive Secretary of the Council of Citizenship and Communications, First Lady Rosario Murillo has become an integral part of the Presidential powerhouse. Murillo has centralized under her control all official communication from the government, often writing press announcements for specific ministries, then ordering the ministry to issue them unedited. She personally approves all travel abroad for government officials, a policy which has generated considerable confusion and often caused Nicaragua to be absent at regional meetings related to the Sistema para la Integracion Centroamericana (SICA) and CAFTA, as well as several USG-funded workshops that are part of long-running programs. She controls the entire government budget for publicity, and has co-opted the professional journalist association in Nicaragua, even reviewing the weekly schedules for the VP, all Ministers and Vice-Ministers to decide which events should be publicized and who will cover them (ref A). Any ministers who dare to speak publicly without her explicit permission are quickly removed. In addition, the First Lady reportedly siphons \$11 million monthly from state airport revenues, Free Trade Zones, and Immigrations and Customs charges. This money is supposed to fund FSLN-sponsored aid projects, but as of yet none have been announced. (Comment: One project possibly funded by this illicit capital is the series of billboards reading "Arise the Poor of the World!" alongside a prominent photo of

Ortega, which have recently popped up around Managua. The billboards bear the government's logo, but the government claims that the funds to erect them were not drawn from national coffers. End Comment.)

¶12. (C) Despite the apparent illegitimacy of her position, Murillo personally signed an agreement with Telesur, Chavez,s propaganda channel, to develop the Nicaraguan Channel 6, which had remained dormant since 2002. The station will require approximately \$30 million to be reopened, according to Education Minister De Castilla. The stated goal of the partnership is to increase the "democratization" of the media.

#### Poor Financial Planning

¶13. (C) The Ortega administration is also running into difficulties in signing an accord with the IMF. The major sticking points are the IMF,s insistence on accounting for Venezuela's assistance in the budget and on Nicaragua,s lack of clarity on how it plans to achieve its economic and social goals.

¶14. (C) Furthermore, it is becoming clear that due to paralysis and ineptitude at all levels, the current budget has been poorly managed. At the close of the first trimester only 12% of the capital spending allocated in the budget had

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been spent. Delays are attributed in part to confusion caused by the investigations of corruption within some of the major infrastructure ministries during the previous administration, and by the wholesale firing of thousands of technical workers in the ministries by the current administration. As a result, the projects that capital expenditures are tied to have not gotten off the ground.

#### Undermining Independent Institutions

¶15. (C) As the opposition remains paralyzed, Ortega has used his power to attempt to consolidate security forces under executive control. Most recently, Ortega appointed Ruth Tapia Roa, a friend of the First Lady's with little background in defense or security, as "Secretary General with the rank of Minister" to head the Ministry of Defense, but he has so far preferred to run Ministry policy directly from the Presidency. According to an internal memo, Tapia's primary goals are to purge the Ministry of the few remaining technical functionaries left from the previous administration and monitor the "ideological purity" of the armed forces. (ref C).

¶16. (C) The army has assumed the primary security responsibilities of the President's residence, a task which in the past has belonged to the National Police, an organization which Ortega feels is too "somocist" in origin. However, armed forces chief General Moises Omar Halleslevens has repeatedly stated that the army will remain apolitical and continue to support the constitution.

#### Security Breaches

¶17. (C) The Nicaraguan National Police continue to cooperate with the U.S. on counternarcotics efforts and resist efforts to be "co-opted" by Ortega. The police continue to work with the Embassy, particularly through programs such as the vetted unit, the mobile inspection unit and the vehicle inspection station at Penas Blancas. Chief of Police Aminta Granera told POL officers during a recent meeting that her relationship with Ortega is a "balancing act" and that she continues to push for police autonomy. She claims that Ortega does not interfere with police operations. However, she further elaborated that she is often required to attend



events with Ortega where his rhetoric is "anti-gringo" and that this makes her "uncomfortable."

¶18. (C) Even though airport security has been completely compromised and is regularly bypassed by the FSLN, the President has issued orders to give the appearance of security, heavily searching and double-checking documents on U.S. personnel who are likely to report that security measures are "in force." One example that highlights the weakness in the system is the continued use of false "letters to board" provided by illegal immigrants arriving from "C class" countries that are regularly accepted by Nicaraguan immigration officials. Additionally, the Director and Assistant Director of Immigration no longer routinely share information with the Embassy regarding possible TIP cases. There are indications that these officials have also accepted payments from local Muslim organized crime figure Ismat Khatib for facilitating documents and visas and for permitting Iranian, Libyan and other Middle Eastern nationals to pass through the airport without documentation or registration.

#### A Battle of Symbols

¶19. (C) In what has become ground zero for a back-and-forth battle of symbols between administrations, the musical fountain that had been installed by former president Arnaldo Aleman on the old "Plaza de la Revolucion" (actually just an old parking lot) was removed by order of the First Lady. According to Aleman,s detractors, the fountain was intended to block FSLN protests in front of the Presidential Palace. In the face of public outcry, the Ortega Administration announced plans to relocate the fountain, but then scrapped them. Besides being a deplorable use of public funds, the fountain's removal was allegedly illegal, as no one bothered to obtain a permit from the Mayor's office as is required by

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law, prompting criticism by the Sandinista Mayor of Managua, Dionoso Marengo. (Comment: This episode is reminiscent of Ortega's previous faux pas with Nicaragua's cultural patrimony, the gift of two original manuscripts by Ruben Dario, Nicaragua's most well-known and beloved poet, to Hugo Chavez. End Comment.)

#### The Honeymoon Is Over

¶20. (C) The shenanigans of the Ortega-Murillo family have not been well received by Nicaraguans, including certain segments of the Sandinista party. A CID/Gallup poll published on June 20 indicated that Ortega,s popularity has dropped exponentially since his inauguration, from a 51% approval rating to -10%. A majority feels that Ortega has not governed democratically or in the best interests of the people. Nevertheless, most respondents were still optimistic about the country's future (a more thorough analysis will follow septel).

#### Opposition Still Divided

¶21. (C) With a corrupt judiciary and an electoral authority increasingly packed with FSLN hacks, the National Assembly is increasingly pointed to as the last stronghold for democracy in Nicaragua. Although Ortega's erratic and authoritarian behavior has frightened the opposition, there are still several factors that continue to impede a united front against the FSLN. In the PLC, the continued influence of former President and party caudillo Arnaldo Aleman isolates the party from other segments of the opposition. The Sandinista Renovation Movement (MRS) has the difficult position of wanting to oppose Ortega without risking the loss of core supporters by appearing to submit too much to the Liberals. There is, however, a general agreement among all

parties on certain issues; for example, condemnation of First Lady Rosario Murillo's role within the government; Ortega's poor fiscal policy; his slavish following and allegiance to Chavez; and the removal of the fountain in front of the presidential palace. The organization of unions and other labor groups in their struggle to raise the minimum wage could also be a point of unity for the Liberals (ref H).

#### Authoritarianism with a Facade of Democracy - - - - -

¶22. (C) Ortega's primary goal remains the destruction of the ALN and the election of the majority of mayors in the November 2008 Municipal elections. So focused has this effort been that the only expenditure outside of these objectives has been propaganda costs to cover their remarks and maintain political support amongst the populace. For example, the administration has been dropping hints about a new plan to be announced July 19, but a leaked document revealed that the "Five Pillars of the FSLN strategy", (SEPTTEL) contains no significant changes, merely an alternative presentation of the same objectives and rhetoric that the FSLN has utilized consistently throughout the last 6 months.

¶23. (C) A group of four political analysts speaking with embassy representatives on June 13, 2007 commented on what Ortega's actions over the last six months might indicate for the future. One described the likely arrangement as "authoritarianism with a facade of democracy". They pinpointed the source of FSLN power to three party characteristics: organization, devotion, and experience in harnessing the system to its advantage. These are all characteristics that the opposition parties regrettably lack.  
TRIVELLI